

MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
TRANSPORTATION POLICY COMMITTEE MEETING

March 24, 2010
MAG Office, Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

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| Mayor Marie Lopez Rogers, Avondale,
Chair | Councilmember Dick Esser, Cave Creek |
| # Mayor Scott Smith, Mesa, Vice Chair | * Mark Killian, The Killian Company/Sunny
Mesa, Inc. |
| # Vice Mayor Ron Aames, Peoria | * Mayor Jim Lane, Scottsdale |
| # Kent Andrews, Salt River Pima-Maricopa
Indian Community | Councilmember Les Presmyk, Gilbert |
| * Stephen Beard, HDR Engineering Inc. | * Mayor Jackie Meck, Buckeye |
| * Dave Berry, Swift Transportation | Councilwoman Peggy Neely, Phoenix |
| Jed Billings, FNF Construction | * David Scholl |
| Mayor James Cavanaugh, Goodyear | * Mayor Elaine Scruggs, Glendale |
| # Mayor Boyd Dunn, Chandler | Mayor Lyn Truitt, Surprise |
| Vice Mayor Shana Ellis, Tempe | Supervisor Max W. Wilson, Maricopa County |
| | Victor Flores, State Transportation Board |
| | # F. Rockne Arnett, Citizens Transportation
Oversight Committee |
- * Not present
Participated by telephone conference call
+ Participated by videoconference call

1. Call to Order

The meeting of the Transportation Policy Committee (TPC) was called to order by Chair Marie Lopez Rogers at 4:00 p.m.

2. Pledge of Allegiance

The Pledge of Allegiance was recited. Chair Rogers noted that Vice Chair Smith, Mayor Boyd Dunn, Vice Mayor Ron Aames, Kent Andrews, and Roc Arnett were participating in the meeting by telephone.

Chair Rogers introduced two new members to the Committee: Tempe Vice Mayor Shana Ellis and Gilbert Councilmember Les Presmyk.

Chair Rogers noted that the March 23, 2010, version of the American Recovery and Reinvestment Act (ARRA) Monthly Status Report (agenda item #4C) and a chart showing the status of legislation of interest to the MAG region (agenda item #7) were at each place.

3. Call to the Audience

Chair Rogers stated that an opportunity is provided to the public to address the Transportation Policy Committee on items that are not on the agenda that are within the jurisdiction of MAG, or non action agenda items that are on the agenda for discussion or information only. Citizens will be requested not to exceed a three minute time period for their comments. An opportunity is provided to comment on agenda items posted for action at the time the item is heard.

Chair Rogers noted that no public comment cards had been turned in.

4. Approval of Consent Agenda

Chair Rogers stated that agenda items #4A, #4B, and #4C were on the consent agenda. She stated that public comment is provided for consent items, and noted that no public comment cards had been received. Chair Rogers asked members if they would like to remove any of the consent agenda items or have a presentation. None were noted. Councilmember Presmyk moved to recommend approval of consent agenda items #4A, #4B, and #4C. Councilman Esser seconded, and the motion carried unanimously.

4A. Approval of the January 20, 2010, Meeting Minutes

The Transportation Policy Committee, by consent, approved the January 20, 2010, meeting minutes.

4B. Project Additions, Amendments and Administrative Modifications to the FY 2008-2012 MAG Transportation Improvement Program

The Transportation Policy Committee, by consent, recommended approval of project additions, amendments and administrative modifications to the FY 2008-2012 Transportation Improvement Program, and as appropriate, to the Regional Transportation Plan 2007 Update. The FY 2008-2012 MAG Transportation Improvement Program and Regional Transportation Plan 2007 Update were approved by the MAG Regional Council on July 25, 2007. Requests have been received from the Arizona Department of Transportation and the Town of Buckeye to add new highway right-of-way projects and modify project costs and descriptions in the program. The project adjustments and new projects being added to the TIP are fiscally constrained and funding is available. The MAG Transportation Review Committee and the MAG Management Committee recommended approval of the additions, amendments and administrative modifications.

4C. American Recovery and Reinvestment Act (ARRA) Status Report

A Status Report on the American Recovery and Reinvestment Act (ARRA) funds dedicated to transportation projects in the MAG region covers the status of project development. It reports on highway, local, transit, and enhancement projects programmed with ARRA funds and the status of project development milestones per project. An update is also provided on the Jobs for Main Street bill being considered by the U.S. Congress. This item was on the agenda for information and discussion.

5. Financial Planning and Fiscal Constraint Requirements for Federal Transportation Funding and Status of Federal Funds Rescission at the Arizona Department of Transportation

Dennis Smith, MAG Executive Director, stated that reports had been given in the past regarding the financial situation at ADOT, the rescissions at the federal level, and the status of MAG's carryforward funds.

Eric Anderson, MAG Transportation Director, reported on the Proposition 400 sales tax revenue. He stated that the February 2010 collection had decreased again this month, but at a less negative rate than had been occurring. He noted that the sales tax revenue was seven percent less in February 2010 than in February 2009, which is a trend that has continued for about 30 straight months. Mr. Anderson remarked that he thought the revenue for FY 2010 will be similar to that of FY 2004: six years of sales tax growth peeled off. He noted that the annual sales tax revenue was about \$390 million at its peak and he thought that this year it would be less than \$300 million. Mr. Anderson stated that there was 25 percent less revenue in February 2010 than in February 2007, but the good news is that the highway, arterial and transit programs have been adjusted appropriately, although just some minor adjustments might be needed.

Mr. Anderson explained that federal transportation planning regulations require that the MAG Transportation Improvement Program (TIP) and the Regional Transportation Plan (RTP) must be fiscally constrained, which means that MAG must identify adequate funding sources for all of the projects contained in the TIP and RTP. He stated that during the November federal Certification process of the MAG program, the Federal Transit Administration and the Federal Highway Administration expressed concern for the fiscal constraint element and wanted better documentation that sufficient financial resources are available at the regional or local level to operate the service. Mr. Anderson stated that MAG is developing a report that shows the financial assumptions and projections. He advised that part of that report will include sources of local revenue for transportation projects. Mr. Anderson noted that he had reported to the Management Committee that MAG will be requesting financial information from member agencies in order to develop the report.

Mr. Anderson stated that MAG has been dealing with issues relevant to federal transportation funds that have been resolved in the last couple of months. He stated that the first issue was the rescission of apportionment by Congress. Mr. Anderson explained that rescission is where Congress provides money to states but then takes back the unobligated funds, which last year

totaled about \$11 billion nationwide. He reported to the TPC that ADOT had to comply with the rescission in September and this zeroed out a significant amount of federal funds that MAG had carried over for a couple of years through an arrangement with ADOT. Mr. Anderson explained that in order to not lose federal funds, MAG would lend the federal funds that could not be obligated to ADOT and would get them back the following federal fiscal year. He stated that it took ADOT a while to figure out these accounts because it is a very complex accounting system.

Mr. Anderson stated that another issue was the federal transportation authorization, SAFETEA-LU, which expired in September 2009. He explained that Congress has passed a number of resolutions to continue the program, and the most recent resolution extends it to the end of 2010. Mr. Anderson explained that most likely through an oversight, the prior continuing resolutions contained rescission language that was carried over from FY 2009 to FY 2010 and resulted in 28 percent less in transportation funding. Mr. Anderson stated that with the latest continuation, the rescission was repealed.

Mr. Anderson stated that the third issue was that MAG had last received a bank statement (ledger) from ADOT in October 2008 on the status of its federal funds.

Mr. Anderson reported that these three issues have been resolved: Congress has passed a resolution to continue the transportation legislation until the end of the year, the rescission language was repealed, and ADOT provided ledgers the end of February 2010. He stated that the ledgers that showed the MAG carryover balance of approximately \$48 million. Mr. Anderson commented that a small amount of federal funds might have been lost through some of the rescissions, but that he felt MAG's federal funds were mostly intact and the arterial and highway program was in good shape and could move forward.

Chair Rogers thanked Mr. Anderson for his report and expressed her relief that the situation had improved. She asked members if they had questions. None were noted.

6. Regional Transit Framework Study

Mr. Smith stated that for the past few months, MAG staff have been working with member agencies and holding public meetings to develop scenarios for the future in the Regional Transit Framework Study.

Kevin Wallace, MAG Transit Planning Project Manager, provided a report on the Regional Transit Framework. He said that the intent of the framework is to identify transit needs beyond the current 20-year Regional Transportation Plan (RTP), to conduct a "market based" evaluation of needs with transit and non-transit users, and provide a technical framework for future policy discussions.

Mr. Wallace displayed a chart of peer regions' 2006 annual operating investments per capita, and he noted that the MAG region, at \$71.10 investment per capita, was at the bottom of the peer region average of \$129.87 per capita investment.

Mr. Wallace then described the three draft scenarios developed in the Framework and commented that the study did not recommend a scenario. He stated that the Basic Mobility (Scenario I) is the lowest level of investment and continues the basic investment level to 2030; the Enhanced Mobility (Scenario II) is a moderate investment level that is comparable to peer regions; and the Transit Choice (Scenario III) is a higher level of investment – similar to the Seattle region that has the highest level. Mr. Wallace noted that the Enhanced Mobility Scenario could address existing deficiencies and the Transit Choice Scenario could address future deficiencies.

Mr. Wallace then pointed out the estimated expenditures for each scenario in addition to the RTP Base Scenario of \$14 billion (in 2008 dollars): Scenario I, \$2.05 billion, Scenario II, \$11.05 billion; and Scenario III, \$21.5 billion. He commented that if the MAG region made transit investments not only would it not catch up to its peer regions it would also be comparable in 2030 to where the peer regions were in 2006. Mr. Wallace advised soon after the peer review panel reported to the Transportation Policy Committee in 2008, the voters in Seattle passed another half cent tax for transit.

Mr. Wallace reviewed the conclusions of the study. He said that significant progress has been made, particularly in the last five to ten years, to develop transit in the MAG region, such as the opening of light rail and the success of the Link system. Mr. Wallace stated that most of MAG's peers are investing more than our region in their regional transit systems, and this investment is a part of their overall transportation and economic development strategy. He stated that public interest in transit is high, in particular, light rail, and through a statistically valid survey, even non-users have interest in light rail and see the need for public transit. Mr. Wallace stated that there is significant agency interest in additional work to strengthen the land use/transit connection. He said that more work needs to be done for performance/market based planning – how we view and plan for transit. Mr. Wallace noted that the peer review panel observed that the MAG transit system is a collection of routes versus a true regional transit system, and service is not integrated as optimally as it could be.

Mr. Wallace stated that this study is a framework only and they anticipate that the Transportation Policy Committee would provide policy direction on key questions, such as which scenario could be pursued. He said that the Transit Committee would provide technical direction for implementation of any of the findings of the study. He advised that funding would be a big issue that would need to be addressed because all of the scenarios would require new funding.

Mr. Wallace displayed the three part motion onscreen and stated that it was recommended for approval by the Management Committee: Recommend acceptance of the findings of the Regional Transit Framework as the public transportation framework for the MAG region; acceptance of the enclosed Illustrative Transit Corridors map for inclusion as unfunded regional transit illustrative corridors in the Regional Transportation Plan; and recommend consideration of future planning actions identified in the study through the MAG Unified Planning Work Program process.

Mr. Wallace displayed a map of the illustrative corridors, which is essentially Scenario III. He noted that these are all the corridors they see as potential investments in transit, and does not set

any priority in the RTP. He displayed a list of future planning actions for the implementation of study findings and commented that a number of studies would need to be done. Mr. Wallace pointed out that a regional transit foundation, working with the Transit Committee and the Transportation Policy Committee, would provide direction.

Chair Rogers thanked Mr. Wallace for his report. She remarked that she was glad to see the land use connection was being strengthened. Chair Rogers stated that this will be a critical element as they update their general plan. She added that she hoped the population changes derived from the 2010 Census would be reflected because the densities could change from those in the 2000 Census. Chair Rogers commented on the adage that “once on the map, it stays on the map.” She said that the City of Avondale looked forward to having a stop in Avondale shown on the map.

Vice Mayor Aames asked for clarification that “illustrative” means there could be changes to the map. Mr. Wallace replied that was correct. He added that this map sets a guideline for what could be implemented in the future, and as the Regional Transportation Plan is updated over time the map could change.

Vice Mayor Aames asked if the green line that indicated high capacity peak service could change over time. Mr. Wallace replied yes, and said that two service types that are linked to that green line would potentially be commuter rail or bus rapid transit. He explained that typically, commuter rail might operate only at peak hours at the beginning and as the system matures, could move toward full day service.

Chair Rogers commented that it is a positive move going forward to have united plans instead of independent units.

Vice Mayor Aames moved to recommend acceptance of the findings of the Regional Transit Framework as the public transportation framework for the MAG region; acceptance of the enclosed Illustrative Transit Corridors map for inclusion as unfunded regional transit illustrative corridors in the Regional Transportation Plan; and recommend consideration of future planning actions identified in the study through the MAG Unified Planning Work Program process. Mayor Truitt seconded, and the motion passed unanimously.

7. Legislative Update

Patty Camacho, MAG Senior Policy Planner, provided an update on legislative issues of interest. She first reported on the Federal side by saying that on March 4, 2010, the House of Representatives amended the Senate version of HR 2847, the Hiring Incentives to Restore Employment (HIRE) Act and sent it back to the Senate, where it was accepted. Ms. Camacho noted that the President signed the bill on March 18th.

Ms. Camacho explained that the HIRE Act includes an extension of surface transportation programs through December 31, 2010 and tax incentives for job creation, however, it does not provide additional funding for transportation infrastructure. She noted that as Mr. Anderson

mentioned, the FY 2010 FHWA funding in the Surface Transportation Program includes the FY 2009 funding level without the FY 2009 rescission language. Ms. Camacho stated that funding for the first quarter of FY 2011 will be at one-quarter of that level. She further explained that the HIRE Act continues the same requirements, authorities, conditions, eligibilities, etc., that were in effect in FY 2009. Ms. Camacho noted that funds that would otherwise have been made available to a state for earmarks under the Maglev, High Priority Projects, Transportation Improvements, the Bridge Setaside, Projects of National and Regional Significance, and the National Corridor Infrastructure Improvement Programs will instead be spread proportionately among that state's apportionments.

Ms. Camacho stated that the Act extends the authority to make expenditures from the Highway Trust Fund through December 31, 2010. and also provides additional revenues to the Highway Trust Fund by restoring interest it stopped earning on its balances after FY 1998, transfers \$14.7 billion to the Highway Account and \$4.8 billion to the Mass Transit Account from the General Fund, and refunds the credits of fuel taxes paid on fuel used for exempt purposes by the General Fund instead of the Highway Trust Fund. Ms. Camacho commented that these measures are intended to support the Highway Trust Fund at current expenditure levels. She said that the HIRE Act will restore \$8.708 billion in contract authority rescinded by section 10212 of SAFETEA-LU. Ms. Camacho stated that the HIRE Act extends the availability of Build America Bonds and includes payroll tax relief for businesses that hire new workers.

Chair Rogers thanked Ms. Camacho for her report and asked members if they had questions.

Councilwoman Neely noted that Ms. Camacho had reported that earmarks are not included in the programs. She asked if new systems coming online need to be in the TIP to not be considered an earmark, and also if we are looking at not advancing new projects such as light rail. Mr. Anderson replied that staff is not sure yet how this will be handled. He indicated he thought that the 5309 discretionary funds, which are usually earmarked for programs such as rail, would continue. Mr. Anderson commented that the programs Ms. Camacho mentioned are high priority projects that started out to be competitive grant programs and Congress quickly decided to select and earmark those projects. He explained that there three or four programs like that and the funds are being taken out and distributed to states. Mr. Anderson remarked that he did not think this will affect the bus and rail discretionary funds, but he would need to research that.

Councilwoman Neely stated that California and Nevada had high profile projects they were looking to move forward with Senator Reid. She asked if those projects are out of the budget. Mr. Anderson replied that he was not sure yet. He said that earmarks are subject to a lot of debate in Congress and there has been a move against private sector earmarks. Mr. Anderson stated that these three to four programs earmarked by Congress are separate programs that have been reversed also.

Mr. Smith commented that staff had heard that I-11 may come up as a designated interstate system, not an earmarked system.

Councilwoman Neely asked for clarification that the Surface Transportation Program would return funding to the FY 2009 level without the FY2009 rescission language. Ms. Camacho replied yes, that was what she understood, but she also understood that it would not provide additional funding for transportation infrastructure beyond the FY 2009 level.

Mr. Anderson added that we will have full funding: the FY 2010 funding will be at the FY 2009 level.

Mayor Cavanaugh asked if the funds identified for rescission had been restored. Mr. Anderson replied that the funds rescinded in FY 2009 are gone, however, the rescission language that affected FY 2009 funding was repealed for FY 2010 funding. He advised that if the rescission language had not been repealed, there would have been 28 percent less funding.

8. Request for Future Agenda Items

Topics or issues of interest that the Transportation Policy Committee would like to have considered for discussion at a future meeting will be requested.

No requests were noted.

9. Comments from the Committee

An opportunity will be provided for Transportation Policy Committee members to present a brief summary of current events. The Transportation Policy Committee is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

No comments from the Committee were noted.

10. Adjournment

Councilmember Presmyk moved, Mayor Truitt seconded, and the motion passed unanimously to adjourn the meeting at 4:40 p.m.

Chair

Secretary